

AG Contract No. KR96 1675TRN
ADOT ECS File: JPA 96-64
Project: G1050 55C
Section: Widen & Extend 56th Street ESP
C96-210

INTERGOVERNMENTAL AGREEMENT

AMONG

THE STATE OF ARIZONA

THE CITY OF TEMPE

THIS AGREEMENT is entered into 26 September, 1996,
pursuant to Arizona Revised Statutes, Sections 11-951 through 11-954, as amended,
between the STATE OF ARIZONA, acting by and through its DEPARTMENT OF
TRANSPORTATION (the "State") and the CITY OF TEMPE, acting by and through its
MAYOR and CITY COUNCIL (the "City")

I. RECITALS

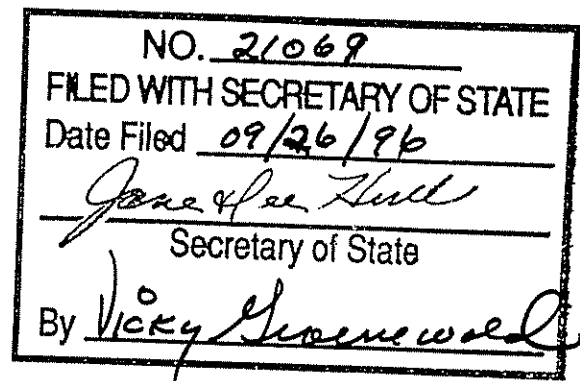
1. The State is empowered by Arizona Revised Statutes Section 28-108 to enter into this agreement and has by resolution, a copy of which is attached hereto and made a part hereof, resolved to enter into this agreement and has delegated to the undersigned the authority to execute this agreement on behalf of the State.

2. The City is empowered by Arizona Revised Statutes Section 41-1513 and 28-1895 et seq to enter into this agreement and has by resolution, a copy of which is attached hereto and made a part hereof, resolved to enter into this agreement and has authorized the undersigned to execute this agreement on behalf of the City.

3. The City has requested Economic Strength Project (ESP) funds in the amount of \$100,000.00; the Arizona Department of Commerce and the Economic Development Commission have recommended the approval of such funds for the Cities, and the Transportation Board has approved the funding, for the construction of street improvements to extend and widen 56th Street, to provide improved access, and aid in the retention and development of local business, hereinafter referred to as the Project.

THEREFORE, in consideration of the mutual agreements expressed herein, it is agreed as follows:

=====



II. SCOPE

1. The City will:

a. Insure the additional commitment of 59.23% of the total estimated Project cost, or \$145,277.00, whichever is more, from other sources (not including ESP funds) to the Project. Accomplish construction of the Project by public bidding, in strict compliance with State procurement laws, rules and regulations. Upon completion, approve and accept the Project on behalf of the City and provide maintenance.

b. No more often than monthly, invoice the State, in the form of Exhibit B hereto, for ESP funds (Arizona Department of Commerce, ATTN: Strategic Finance Division, ESP Program Director, 3800 N. Central Avenue, Suite 1500, Phoenix, AZ 85012), in an amount not to exceed \$100,000.00.

c. Provide the State a copy of the executed Project contract(s), and draw down and expend the State ESP funds no later than six (6) months after the effective date of this agreement. Provide the State detailed written reports of all ESP fund expenditures, supported by invoices, receipts or other suitable and appropriate documentation, and a final accounting report no later than thirty (30) days after ESP funds are fully expended.

d. Reimburse the State any funds received from the State under this agreement which are not specifically and directly expended in compliance with the ESP grant application, which is attached hereto and made a part hereof, and are subsequently disallowed by the State.

e. Provide the State (Arizona Department of Commerce, ATTN: Strategic Finance Division, ESP Program Director, 3800 N. Central Avenue, Suite 1500, Phoenix, AZ 85012) with quarterly Project status reports, and one year after completion of the Project, a written Economic Impact Report detailing the direct and indirect impact of the Project, to include jobs created, jobs retained and related data.

2. The State will:

Within thirty (30) days after receipt and approval of the ESP contract(s) and subsequent monthly progress payment invoices, reimburse the City for work completed on the Project funds in an amount not to exceed \$100,000.00.

III. MISCELLANEOUS PROVISIONS

1. The only interest of the Department of Transportation in the Project is to convey economic strength pass through funds for the use and benefit of the City by reason of state law under which funds for the Project are authorized to be expended.

2. The City agrees to indemnify and save harmless the State, or any of its departments, agencies, officers or employees, from and against all loss, expense, damage or claim of any nature whatsoever which is caused by any activity, condition or event arising out of the performance or non-performance by the State of any of the provisions of this agreement.

3. The total amount of ESP funds expended under this agreement shall not exceed 40.77% of the total Project cost. Should the Project not be completed, be partially completed, or be completed at a lower cost than the advanced amount, or for any other reason should any of these ESP funds not be expended, a proportionate amount of the funds provided under this agreement shall be reimbursed to the State.

4. This agreement shall remain in force and effect until completion of said Project, reimbursement and subsequent reports; provided, however, that this agreement, except any provisions herein for maintenance, which shall be perpetual, may be cancelled at any time prior to the award of a construction contract, upon thirty (30) days written notice to the other party. Further, this agreement may be terminated and the ESP grant cancelled by the State if the City, in the opinion of and by action of the Transportation Board, fails to pursue due diligence on the Project or in the performance of any of the terms of this agreement.

5. This agreement shall become effective upon filing with the Secretary of State.

6. This agreement may be cancelled in accordance with Arizona Revised Statutes Section 38-511 as regards conflicts of interest on behalf of State employees.

7. The provisions of Arizona Revised Statutes Section 35-214 pertaining to 5 year records retention by the City and audit by the State are applicable to this contract.

8. In the event of any controversy which may arise out of this agreement, the parties hereto agree to abide by required arbitration as is set forth in Arizona Revised Statutes Section 12-1518.

9. All notices or demands upon any party to this agreement, except as otherwise specified herein, shall be in writing and shall be delivered in person or sent by mail addressed as follows:

Arizona Department of Transportation
Joint Project Administration
205 South 17 Avenue, Mail Drop 616E
Phoenix, AZ 85007

City of Tempe
City Manager
PO Box 5002
Tempe, AZ 85280

10. Attached hereto and incorporated herein is the written determination of each party's legal counsel that the parties are authorized under the laws of this state to enter into this agreement and that the agreement is in proper form.

IN WITNESS WHEREOF, the parties have executed this agreement the day and year first above written.

CITY OF TEMPE


STATE OF ARIZONA

Department of Transportation

By 
NEIL G. GIULIANO
Mayor

By 
JAY KLAGGE, Director
Transportation Planning


ATTEST:

By 
HELEN FOWLER
City Clerk

RESOLUTION

BE IT RESOLVED on this 6th day of June 1996, that I, the undersigned LARRY S. BONINE, as Director of the Arizona Department of Transportation, have determined that it is in the best interests of the State of Arizona that the Department of Transportation, acting by and through the Highways Division, to enter into an agreement with the Cities of Phoenix and Tempe for the purpose of defining responsibilities for conveying Economic Strength funds to the Cities.

Therefore, authorization is hereby granted to draft said agreement which, upon completion, shall be submitted to the Director, Transportation Planning for approval and execution.


for LARRY S. BONINE
Director

**ECONOMIC STRENGTH PROJECTS
REQUEST FOR PROPOSAL
FY 1995 - ROUND 3
September 8, 1995**

APPLICATION FORM

NOTE: Additional information may be provided in attachments. Be sure to clearly reference and mark such additions and attachments.

1. NAME AND ADDRESS OF APPLICANT:

City of Phoenix
Community and Economic Development Department
200 West Washington Street, 20th Floor
Phoenix, Arizona 85003-1411

City of Tempe
Economic Development
31 East 5th Street
Tempe, Arizona 85280

2. TYPE OF ORGANIZATION OF APPLICANTS: (Check one)

a) ☐ Local Government only

b) ☒ Private Non Profit / Local Government Joint Application:

Name of Non Profit Agency Involved

Name of Local Government Involved
Cities of Phoenix and Tempe

3. Describe the function or purpose of applicant organization.

The City of Phoenix Community and Economic Development Department and the City of Tempe Economic Development Department work to strengthen their community's economy by creating and retaining employment opportunities, enhancing the business environment, increasing revenue and improving the quality of life.

4. Name, address, and phone number of contact person:

Steve Prokopek
City of Phoenix
Community and Economic Development Department
200 West Washington, 20th Floor
Phoenix, AZ 85003
(602) 495-5330

Lenya Shore
City of Tempe
Economic Development Office
31 E. 5th Street
Tempe, AZ 85280
(602) 350-8812

5. Describe the private sector project or activity for which the related ESP funding is requested.

State Farm Insurance plans to build a 250,000 square foot facility to accommodate data/payment processing, printing and billing for the entire Western region of the United States. The facility will be a consolidation of nine other west coast cities and will initially create 250 quality, new jobs in Arizona (See Attachment C).

6. Describe the Economic Strength Project for which funding is requested. Describe how the ESP project supports/relates to the private sector project described in #5 above.

The ESP project includes extending 56th St. approximately 1,200' south of Washington St. The project will have 4 lanes and will be 56 feet wide with curb, gutter, and sidewalk. 56th St. will provide major required access to the State Farm Site. Without the ESP project, the private sector project is not feasible. (See attachment C,D & E)

7. Describe how the private sector project fits into the community's overall economic development efforts.

The private sector project will provide a significant amount of new employment, investment, and tax revenue within an economically disadvantaged area of the community. The project will create 255 quality jobs, averaging over \$39,000 per year. The project represents approximately \$150,000 million in new investment, which will create a major state-of-the-art, regional processing center.

8. Describe how the supporting ESP project fits into the Community's overall economic development efforts.

The supporting ESP project will improve and complete a street adjacent to developed property (which is required by city code), and will provide proper access to the private sector site and the adjacent properties. The off-site improvements will add new and enhance existing infrastructure, which will positively affect the marketability, usability and value of surrounding properties values.

9. How will ongoing maintenance and repair be provided for the ESP project after construction/improvement?

The City of Tempe will be responsible for maintenance of the street, water lines, and sewer lines after completion.

10. Description of ESP project. (Check one)

- a) ☐ This is an existing roadway.
- b) ☒ This is a new roadway.
- c) ☐ This is a bridge.
- d) ☐ This is an underpass.
- e) ☐ Other: Widening and improving of existing roadway

11. Where is the private sector project located that is supported by this ESP project?

The private sector project is located within the City of Phoenix at Papago Park Center, south of Washington St. on the west side of the 56th St. alignment. The project is within census tract 1138, which is a low/moderate income census tract according to the 1990 census. The project is also within the boundaries of the City of Phoenix Enterprise Zone. (See Attachment D,E, & F).

12. Where is the ESP project located?

- a. In the community:

The ESP project is located in the City of Tempe at 56th St., south of Washington St., in Census tract 1138 which is a low/moderate income census tract according to the 1990 census. The project is within the City of Tempe Enterprise Zone, and within a redevelopment area. (See Attachment F).

- b. In relation to the related private sector project:

The ESP project is located directly adjacent to the eastern border of the private sector project along 75th Avenue, south of Washington St. (See attachments C,D, & E)

13. What is the length (in feet/miles) of the ESP project? 1000 feet

14. What is the width (in feet) of the ESP project? 64 feet (110 feet total right of way)

The ESP street project is approximately 64 feet in width. (110 feet total right of way)

In the jobs section below (Q15-Q17), applicants must provide employment and wage-related information for the private sector employers (existing or new) which the ESP fund is supporting. If these projects do not generate certain categories of jobs (job creation, job retention or seasonal jobs), those sections should be left blank.

15. JOB CREATION

a) Construction Phase

Does your project create any public or private construction jobs?

Yes X
No

If yes, complete the following; otherwise go to Q15.b.

(1) Number of construction jobs directly created by private sector	<u>275</u>
Number of days or months the construction jobs would last	<u>12 months</u>
Average hourly wages (See Attachment G)	<u>\$ 19.00/hr</u>
(2) Number of construction jobs directly created by public sector	<u>30</u>
Number of days or months the construction jobs would last	<u>3 months</u>
Average hourly wages	<u>\$ 19.00/hr</u>

Note: List and provide the above information for each employer included in or supported by your ESP application.

b) Operation Phase

(1) Number of full-time permanent direct jobs created	<u>255</u>
Average hourly wages (See Attachment G)	<u>\$ 19.00</u>
(2) Number of part-time permanent direct jobs created	<u> </u>
Average number of hours per week	<u> </u>
Average hourly wages	<u> </u>

Note: List and provide the above information for each employer included in or supported by your ESP application.

16. JOB RETENTION

a. Number of permanent full-time direct jobs retained	<u>NA</u>
Average hourly wages	<u> </u>
b. Number of permanent part-time direct jobs retained	<u> </u>
Average number of hours per week	<u> </u>
Average hourly wages	<u>\$</u>

- c. How would the lack of the ESP project cause, or contribute to, the loss of these directly effected jobs?

Without the ESP project, the site has no access. This is the only site within Arizona currently under consideration by State Farm. Since this project is a consolidation of all regional offices, State Farm is considering sites in several other states to locate their regional center. The lack of ESP funding may have an effect this project going to another state.

17. SEASONAL JOBS

If seasonal jobs are a significant part of the operation of private businesses for which you have applied for ESP, complete the following. Otherwise, go to question 18.

a. Number of seasonal jobs created NA
 Average number of days per year _____
 Average hourly wages \$ _____

b. Number of seasonal jobs retained _____
 Average number of days per year _____
 Average hourly wages \$ _____

c. Further Clarifications

- (1) Are the seasonal jobs created or retained for one year, or would they be occurring on an on-going basis year after year?

Note: List and provide the above information for each employer included in or supported by your ESP application.

18. Capital Investment.

- a) What kind of new, additional capital investment will be made by the private sector business or industry assisted by this ESP project? (Building, equipment, etc. at this site).

State Farm will invest approximately \$55 million to create a major state-of-the-art, processing center and approximately \$100 million in new equipment. Other site improvements will include landscaping, water and sewer infrastructure improvements, and off-site and on-site lighting.

- b) What is the purpose and dollar value of the new, additional capital investment that will be made by the private sector business or industry assisted by this ESP project?

\$ 50,000,000 for New Buildings and on-site improvements
 \$ 100,000,000 for New equipment (Computers, mailing and printing machinery)
 \$ 5,000,000 for Land
 \$ 155,000,000 Total

19. Cost/benefit Calculation

What is the likelihood that benefit resulting from the project will exceed the cost of the project?
Show detail of cost/benefit analysis used to determine the net benefits, if any, of this project.

The benefits of net increases in property taxes, new wages, construction sales tax, direct development investment, employment opportunities, and increased development opportunities for adjacent parcels far outweigh the costs of the project. (See Attachment H)

20. What community(ies) will benefit from this project? How will each listed community benefit?

The following communities will benefit from this project:

City of Phoenix -	\$155,000,000 new investment, \$291,000 in annual property tax revenue, \$444,400 in contracting tax, 255 new jobs
City of Tempe -	\$973,000 in new infrastructure development, 255 new jobs
Maricopa County -	\$155,000,000 in new investment, \$360,000 in annual property tax revenue, 255 new jobs
Balsz School District -	\$4,000,000 in new property tax revenue
State of Arizona -	\$155,000,000 in new investment, \$145,000 in new annual property tax revenue, \$1,710,000 in construction sales tax, \$255 new jobs

21. List the names of local economic development organizations, and a contact person for each, which are involved with this private sector project. **Include documentation (letters, etc.) showing the involvement and level of support of each organization. (Attachment I)**

The City of Phoenix, City Manager - Frank Fairbanks
 The City of Phoenix, City Councilmember - District 6, Sal DiCiccio
 The City of Tempe, City Manager - Gary Brown
 Tempe Chamber of Commerce - Steve Snyder
 The Phoenix Chamber of Commerce - Valerie Manning
 The Greater Phoenix Economic Development Council - Ioana Morfessis
 Papago Park Center/Salt River Project - Bruce Ruede

22. What is the total cost of the entire project? \$156,114,277

23. What is the total cost of the ESP portion of the project? \$ \$245,277

24. Complete and attach the Budget Detail Schedule, (Attachment A)

25. Complete and attach the Sources and Uses Schedule (Attachment B)

26. Of the total ESP project cost listed in #23 above, **how much financial assistance are you requesting from the Economic Strength Projects Fund?** \$ 100,000

27. List the sources and amounts of matching funds (both private and public) that will be a part of the total direct ESP project cost.

a) Public Funds:

(1) Name of public entity contributing the match.	Amount
<u>None</u>	\$ _____
_____	\$ _____
Total	\$ _____

(2) Cash match contributed to the project.
 - Source (general fund, grants, HURF, etc.)
ESP Grant Amount
\$ 100,000
\$
Total \$ 100,000

(3) In-kind match contributed to the project.
 - Type of match (force account labor, construction management, materials, etc.)
None Amount
\$
\$
Total \$

(b) Private Sector funds:
 Name of private sector company(ies) contributing matching funds to the ESP project, (if any)
Papago Park Center Amount
\$ 145,277
\$
Total \$ 145,277

28. Local utility or other infrastructure expenditures:

(a) What local public utility or other infrastructure expenditures will need to be made in connection with the (1) private sector project, and (2) the ESP project? For example, expansion of water or waste water treatment facilities due to demands of the new business which the ESP project is assisting; extension of utility lines, major drainage improvements, etc.).

IMPROVEMENT	COST
<u>Extension of water and sewer lines</u>	<u>\$225,000</u>
<u>Underground and extend electric</u>	<u>\$315,000</u>
<u>Reconfigure Washington St/landscaping</u>	<u>\$160,000</u>
<u>Underground phone lines</u>	<u>\$ 50,000</u>
<u>Total</u>	<u>\$750,000</u>

29. How will the infrastructure expenditures listed in #28 above be funded?

Papago Park Center (Salt River Project)

30. List below the major milestone activities to be completed in the project and the time schedules for each.

ACTIVITY	START DATE	END DATE
<u>56th St & Utilities</u>	<u>9/96</u>	<u>3/97</u>
<u>State Farm Facility</u>	<u>8/96</u>	<u>8/97</u>

31. How soon after receiving approval of your ESP proposal could you begin construction on:
- (a) The private sector project? (i.g., days, months) Immediately
- (b) The ESP project? (i.g., days, months) Immediately
32. How long will the private sector project take to complete from start to finish? (i.g., days, months) 12 months
- How long will the ESP project take to complete from start to finish? (i.g., days, months) 3-4 months
33. Is there any opposition to either the private sector project or the ESP project. If so, from whom and what is the nature of the opposition.
- No opposition
34. Is project located in Yes disadvantaged area of state?
No rural area of state? (rural area of Phoenix)
35. Has this applying entity ever received any previous ESP grant funds.

NO Tempe YES Phoenix DATE RECEIVED:

AMOUNT RECEIVED: \$92,292 (Heil Company in 1994)
\$80,000 (Swift Transportation in 1995)

UPDATE PERMANENT JOBS, DIRECTLY CREATED AND/OR RETAINED, FROM EACH PROJECT LISTED ABOVE.

Heil Company - 30 created (80 anticipated by the end of the year)
Swift Transportation - Still under Construction (Still hiring)

36. Certification:

I certify that this project is compatible with other transportation facilities and conforms to all applicable construction and engineering standards.

NAME: Jim Bond DATE: 3/27/96

TITLE: City of Tempe Senior Civil Engineer, Public Works

SIGNATURE: James E. Bond

TELEPHONE NUMBER (602) 350-8897

NAME OF CONTACT PERSON Jim Bond

SCORING CRITERIA AND RATING FACTORS

Funds will be awarded to selected applicants based on their overall application rating score. Applications are reviewed and assigned ratings based on the following specific program related elements.

A maximum of 100 points is available for each application (Varying 0 to 10 and 0 to 20 points for each program element) based on the degree to which the proposal does the following:

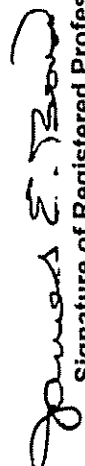
1. Shows permanent job creation or retention.
2. Shows a high amount of leverage.
3. Shows capital investment.
4. Shows strong contribution to the area's economy (tax base)
5. Is located in a disadvantaged area of the state.
6. Is located in rural area of the state.
7. Demonstrates a unified, coordinated economic development effort.
8. Has an immediate impact.

TOTAL POINTS POSSIBLE	100
------------------------------	------------

**ATTACHMENT A
BUDGET DETAIL SCHEDULE**

Note: No contingency costs should be included in the Grand Total of project costs

ACTIVITY	LABOR OR UNIT PRICE	MATERIALS OR NUMBER OF UNITS	TOTAL CONSTRUCTION COSTS	ARCHITECTURAL/ ENGINEERING COSTS	TOTAL ACTIVITY COSTS	PROJECTED ANNUAL OPERATIONS & MAINTENANCE COSTS
56th Street Design				\$60,000		
56th Street Paving	\$12./sq. yd.	8,267 Sq. Yd.	\$99,200		\$99,200	
56th Street Grading	\$5/cu. yd.	2,755 Cu. Yd.	\$13,777		\$13,777	
Curb & Gutter	\$7/ln. ft.	2,400 ft.	\$16,800		\$16,800	
Sidewalk	\$1.50/sq. ft.	19,200 sq. ft.	\$28,800		\$28,800	
Street Light Trenching	\$5.00/ln. ft.	1,700 ft.	\$8,500		\$8,500	
Street Light Installation	\$1,300	14	\$18,200		\$18,200	
Grand Totals					\$245,277	


Signature of Registered Professional

*Should match Item 23 in the Application and the total of Items II C. & D.(1) & (2) in Sources of Funds (Attachment B)

ATTACHMENT B

SOURCES AND USES STATEMENT

I. USES:

A. Private Sector Related

1.	Acquisition of Existing Building with land	\$ _____ 0
2.	Site Acquisition (vacant land)	_____ 5,000,000
3.	New building construction	_____ 55,000,000
4.	Remodeling	_____ 0
5.	Machinery and Equipment	_____ 100,000,000
6.	Site preparation	<u>Included in #2</u>
7.	Other	_____ 0

B. Public Sector Related

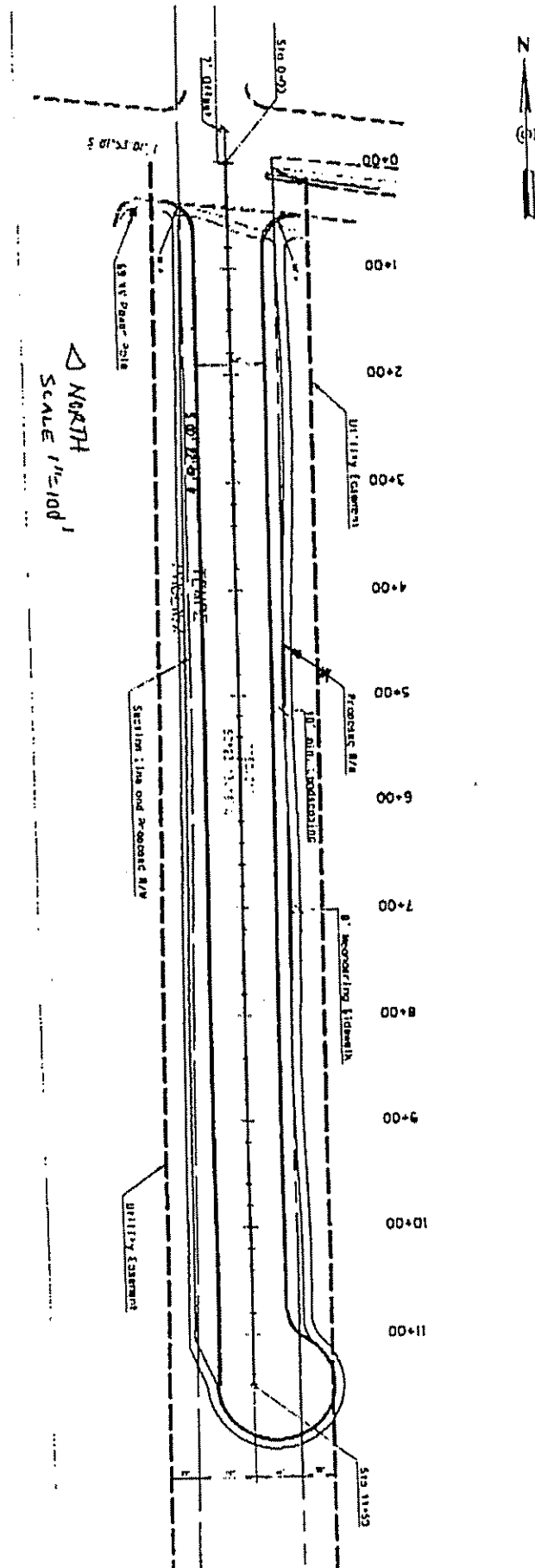
1.	Total ESP project improvements (Describe below)	\$ _____ 245,277
2.	Local public sector improvements (infrastructure improvements directly related to the project and located on or contiguous to the project site. Do not include ESP related costs here) <u>Water, Sewer, Electric, Landscaping, Phone</u>	\$ _____ 750,000
3.	Other _____	_____

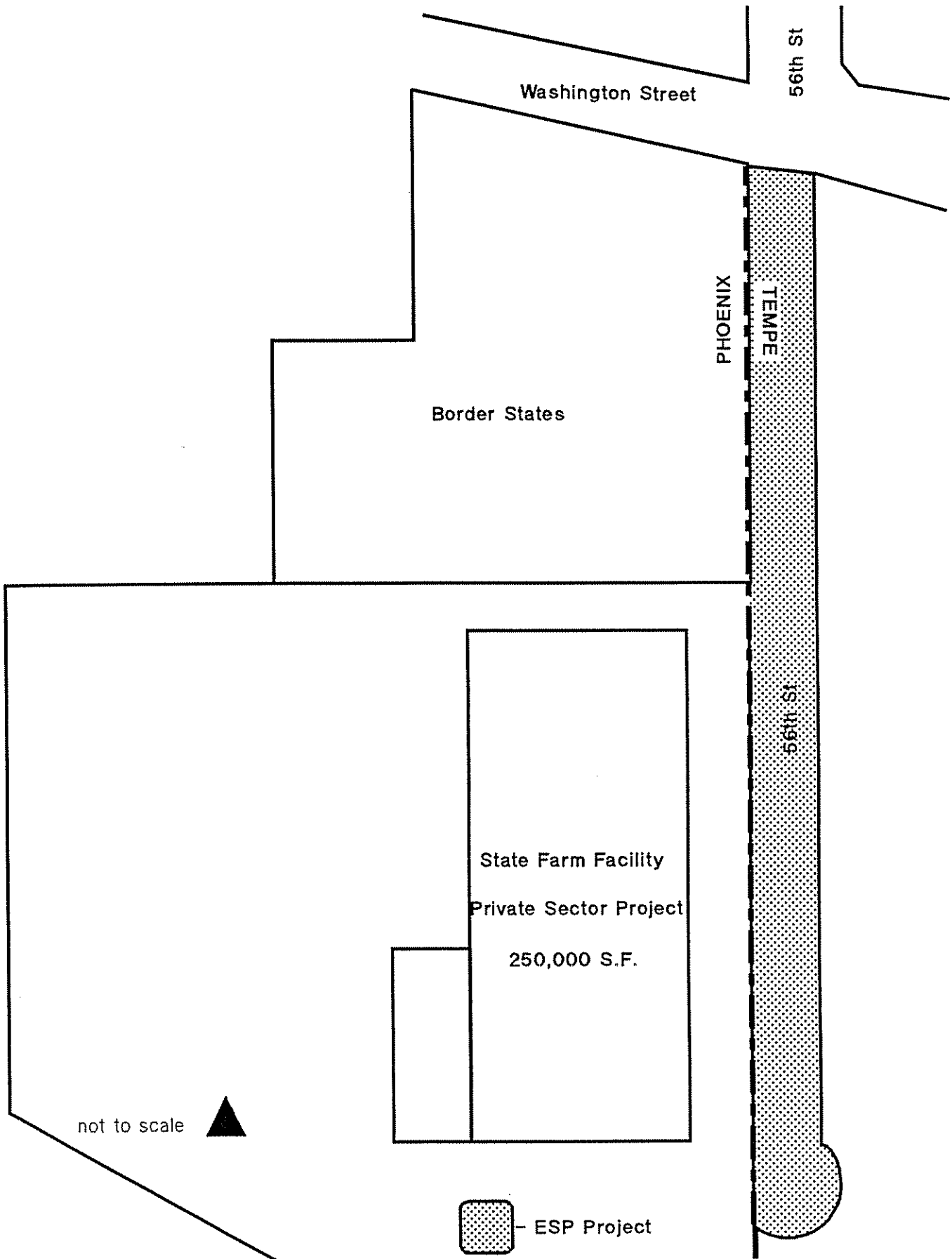
C. Total Uses \$ 156,114,277

II. SOURCES:

A.	Private sector project investment	\$ _____ 155,000,000
B.	Local public sector (direct project related)	\$ _____ 750,000
C.	Economic Strength Projects Fund (State funds)	\$ _____ 100,000
D.	ESP match	
	(1) From the private sector	\$ _____
	(2) From the public sector	\$ _____
E.	Other <u>Papago Park Center (Salt River Project)</u>	\$ _____ 145,277
F.	Total Sources	\$ <u>156,114,277</u>

* Total Uses (I.C.) must equal Total Sources (II.F.)





RESERVATION

ATION

ATTACHMENT E

MOTOROLA

PAPAGO PARK
MUNICIPAL G.C.

ARK
G.C.

PAPAGO PARK

Calvin Plwy.

48th St.

55th St.

U.S. POST OFFICE
MAIN FACILITY

PHOENIX MUNI. STADIUM

Van Buren St.

SALT RIVER PROJECT

Washington St.

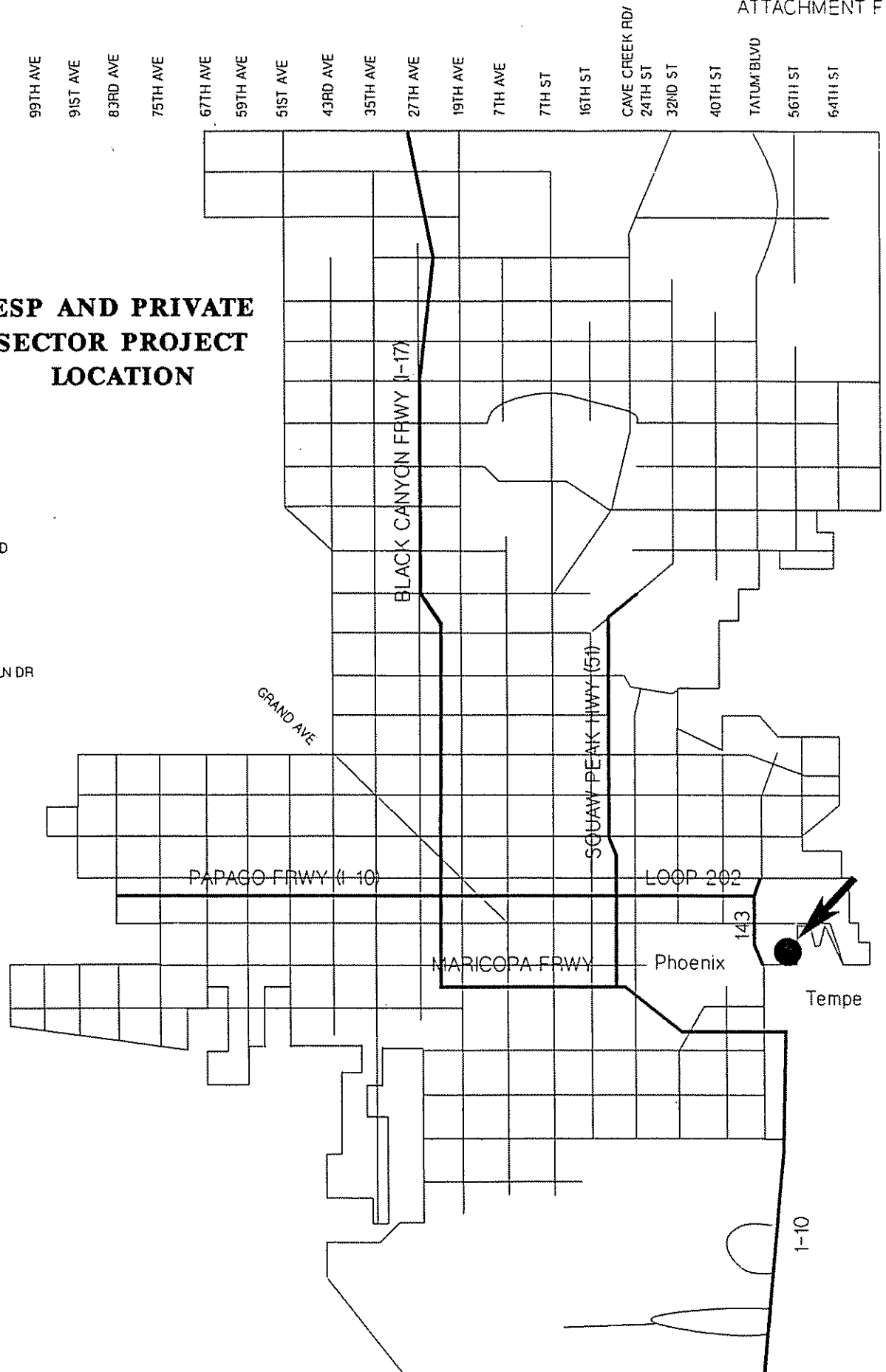
Grand Canal

Southern Pacific RR

Sky Harbor Access

HAPPY VALLEY RD
 PINNACLE PEAK RD
 DEER VALLEY RD
 BEARDSLEY RD
 UNION HILLS RD
 BELL RD
 GREENWAY RD
 THUNDERBIRD RD
 CACTUS RD
 PEORIA AVE/SHEA BLVD
 DUNLAP AVE
 NORTHERN AVE
 GLENDALE AVE/LINCOLN DR
 BETHANY HOME RD
 CAMELBACK RD
 INDIAN SCHOOL RD
 THOMAS RD
 MCDOWELL RD
 VANBUREN ST
 BUCKEYE RD
 LOWER BUCKEYE RD
 BROADWAY RD
 SOUTHERN AVE
 BASELINE RD
 DOBBINS RD
 ELIJAH RD
 WARNER RD
 RAY RD
 CHANDLER BLVD

ESP AND PRIVATE SECTOR PROJECT LOCATION



ATTACHMENT G

Employment Detail

16. a (4) Construction Jobs Created by ESP and Private Sector Project (Average wage = \$40,560)

<u>Category</u>	<u>Number</u>	<u>Hourly Wage</u>	<u>Annual Wages</u>
Supervisory	35	\$30	2,184,000
Skilled Tradespersons	185	\$20	7,696,000
Laborers	85	\$15	2,652,000
Total	<u>305</u>		<u>\$12,532,000</u>

16. b (1) Permanent Jobs Created by Private Sector Project (Average wage = \$39,520)

<u>Category</u>	<u>Number</u>	<u>Annual Wage*</u>	<u>Total Wages</u>
Managers	20	\$70,000	1,400,000
Technical Support	115	\$43,000	4,945,000
Administrative Support	120	\$31,000	\$3,720,000
Total	<u>255</u>		<u>\$10,065,000</u>

* In addition, all positions have benefits which are not reflected in the annual wages.

ATTACHMENT H

Cost / Benefit Analysis

COSTS

One Time Costs

Off-site Infrastructure Improvements

ESP Funding	\$ 100,000
Papago Park Center	\$ 145,277
Total One Time Costs	\$ 245,277

Ongoing Costs

Street Maintenance	\$ 4,500
--------------------	----------

Benefits

One-time Capital Investment

Building and on-site improvements	\$ 55,000,000
New equipment	\$100,000,000
Other infrastructure and off-site improvements	\$ 750,000
City Sales tax on Construction	\$ 444,400
State Sales tax on Construction	\$ 1,710,000

Total One Time Benefits	\$157,904,400
-------------------------	---------------

Reoccurring Annual Benefits

Total Annual Payroll (See Attachment F)	\$ 9,945,000
Taxes and fees	\$ 4,150,000

Total of Reoccurring benefits	\$ 14,095,000
-------------------------------	---------------

Net Base Year Benefit	\$157,659,123
Net Annual Benefit	\$ 14,090,500

ATTACHMENT I

**LETTERS
OF
SUPPORT**



City of Phoenix
OFFICE OF THE CITY MANAGER

March 28, 1996

Winner of the
Carl Bertelsmann
Prize for



Ms. Sara Goertzen-Dial
Director
Arizona Department of Commerce
3800 North Central, Suite 1500
Phoenix, AZ 85012

Dear Ms. Goertzen-Dial:

Sara

On behalf of the City of Phoenix, I would like to express my full support for the Economic Strength Project proposal to assist in the construction of 56th Street which is the key factor in the development of State Farm's new 250,000 square foot regional insurance processing center. The State Farm project will provide 250 quality new jobs to Phoenix area residents and represents over \$155 million in new investment within an economically disadvantaged area.

The City of Phoenix is pleased to submit this application jointly with the City of Tempe. The ESP project and the State Farm project will provide direct benefits to both communities as well as to the greater metropolitan area and the State of Arizona. It is projected that State Farm will pay approximately \$10 million in annual payroll, and will contribute over \$4 million in taxes annually.

The City of Phoenix believes that attracting regional activities is extremely important for the state. The new State Farm development will help facilitate Arizona becoming a leader for business in the western region of the United States.

Again, I support this proposal and thank you for consideration of this project. If you have any questions, please call Steve Prokopek of our Community and Economic Development Department at 495-0374.

Sincerely,

Sheryl Sculley

Sheryl Sculley
Acting City Manager

T:\DATA\BEV\CED\DI\AL.LTR



City of Phoenix
OFFICE OF THE CITY COUNCIL

Winner of the
Carl Bertelsmann
Prize



Sal DiCiccio
Councilman

Lyn Harry-Berndt
Council Assistant

March 22, 1996

District 6
(602) 262-7491
Fax # (602) 495-2036

Mr. Albert Nichols -ESP Program Leader
Strategic Finance Division
Arizona Department of Commerce
3800 North Central Avenue, Suite 1500
Phoenix, Arizona 85012

RE: ECONOMIC STRENGTH PROJECT (ESP) PROPOSAL

Dear Mr. Nichols:

In regards to the Economic Strength Proposal being submitted by the Cities of Phoenix and Tempe, I would like to express my full support. Both the ESP project and the State Farm project meet the goals of the program, and make excellent candidates for funding. With the creation of 255 new employment opportunities and new investment of over \$150 million, not only the cities involved, but the entire state will benefit.

This proposal is an excellent example of how two communities can work together to create new economic development opportunities. In addition, the ESP project will also open the door for more new development, that will directly benefit the entire community. This is a win-win situation for the state and the greater Phoenix area.

As a representative from the City of Phoenix, I appreciate your consideration of this ESP proposal.

Sincerely,

Sal DiCiccio
Councilman
District 6

Office of the
City Manager

March 20, 1996

Ms. Sara Goertzen Dial, Director
Arizona Department of Commerce
3800 North Central Avenue, Suite 1500
Phoenix, Arizona 85012

Dear Ms. Dial:

The City of Tempe would like to express its support for the Economic Strength Project proposal to assist in the construction of 56th Street. The construction of 56th Street in Papago Park Center will extend 56th Street south of Washington Street, improving the area for future development in Tempe.

The City of Tempe is submitting the proposal jointly with the City of Phoenix and Papago Park Center, and will be responsible for ongoing maintenance and repair of the street in the future through our Five-Year Pavement and Management program.

State Farm's private investment in Phoenix will create 300 new jobs, potentially benefitting Tempe and Phoenix residents. Again, we would like to urge you to give high priority to this project as you review Economic Strength proposals. Thank you.

Sincerely,



Gary Brown
City Manager



PAPAGO PARK CENTER

March 22, 1996

Mr. Albert Nichols, ESP Program
Strategic Finance Division
Arizona Department of Commerce
3800 N. Central Ave: Suite 1500
Phoenix, AZ 85012

RE: Economic Strength Project (ESP) Proposal

Dear Mr. Nichols:

I am writing this letter in support of the ESP grant being requested by Tempe and Phoenix to aid in the extension of 56th Street approximately 1200' south of Washington. The benefit of this roadway extension will be two fold. First, it will provide necessary access to a site within Papago Park Center which is to be developed by State Farm Mutual Insurance Company as a regional processing center. The 250,000 square foot State Farm facility will be a state of the art data/payment processing, printing and automated mailing center. The project will be built on a 25 acre parcel in Phoenix, immediately bordering Tempe. We had previously estimated that the highest and best use for this property would be a distribution facility. As you can tell, this usage is a much better use than we had anticipated. Second, the extension of 56th Street will provide needed access to approximately 30 additional acres located in Tempe, thus opening this property up for immediate development.

Papago Park Center, Inc. is making a substantial investment in infrastructure by contributing \$750,000 in addition to this ESP grant. We believe this project is extremely significant to the State of Arizona and to the Cities of Tempe and Phoenix. As you may know, Papago Park Center was selected by State Farm after a multi-state search of various sites. The project will consolidate nine (9) data processing centers currently scattered throughout the west into a single center to be located in the Valley. Approximately 255 new jobs with an average annual salary of approximately \$40,000 excluding benefits will be created.

I appreciate your time and consideration in supporting this grant request. If you need additional information, please do not hesitate to let me know.

Best Regards,

Bruce E. Ruede
Marketing Director
BER:ng
a:bruce:320esp.ltr

State Farm Insurance Companies



CONFIDENTIAL - NOT FOR RELEASE

March 22, 1996

Mr. Albert Nichols
Arizona Department of Commerce
3800 N. Central Avenue #1500
Phoenix, AZ 85012

Re: ISC-West, Phoenix, AZ (PHX)

Dear Mr. Nichols:

The State Farm Insurance Support Center (ISC) proposed for the Papago Park Center site located west of the proposed extension of 56th Street south from Washington Street in Phoenix will be a 254,905 square foot facility. Construction of the center is scheduled to begin in June, 1996 with completion planned for September, 1997.

Operations in the ISC will include processing of incoming premium payments, the printing and mailing of premium notices, and a data center for routine processing of policyholder information. The facility will house approximately 250 employees working three different shifts.

The estimated cost of construction of the facility is \$60,000,000 and the estimated investment in equipment for operations is \$100,000,000. The annual employee payroll will be approximately \$10,000,000.

Sincerely,

Charles A. Scherck
Manager
Corporate Properties

ka/322isc

One State Farm Plaza
Bloomington, Illinois 61710-0001
FAX (309) 766-4430

Gene H. Schmidt (309) 766-4172
Charles A. Scherck (309) 766-6509
Gary G. Miller (309) 766-6424
Mark Brown (309) 766-0849
Butch Friedrich (309) 766-4617
Shana Schmillen (309) 766-3490



Two N. Central Ave., Suite 2500
Phoenix, Arizona 85004-4469
602.256.7700 FAX 602.256.7744

March 13, 1996

Ms. Sara Goertzen-Dial
Director
Arizona Department of Commerce
3800 North Central Avenue
Phoenix, AZ 85012

Dear Sara:

The Greater Phoenix Economic Council strongly supports the ESP grant request to aid in the construction of 56th Street. In addition to the immediate regional economic benefit of attracting the new 250,000 s.f. State Farm facility, the proposed extension of 56th Street south of Washington will provide the impetus for additional development and investment within a key commercial area in the City of Tempe.

We urge you to give this application favorable consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Ioanna T. Morfessis", written over a large, stylized loop.

Ioanna T. Morfessis
President & CEO



**Tempe
Chamber of
Commerce**

60 East Fifth Street #3
P.O. Box 28500
Tempe, Arizona 85285-8500
(602) 967-7891
Fax (602) 966-5365

March 7, 1996

Ms. Sara Goertzen-Dial
Arizona Department of Commerce
3800 N. Central Avenue
Phoenix, AZ 85012

RE: ESP Grant to Assist in the Extension of 56th Street

Dear Sara:

The Tempe Chamber of Commerce strongly supports the ESP grant being requested to aid in the construction of 56th Street. In addition to the immediate regional economic benefit of attracting the new 250,000 s.f. State Farm facility, the extension of 56th Street south of Washington opens up additional property for commercial development within Tempe.

We hope this application will be given favorable consideration.

Sincerely,

Steve Snyder
Executive Director

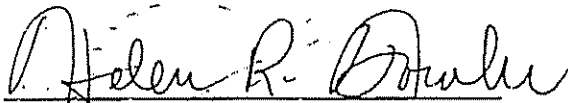
SS:Bering



CERTIFICATION

I, Helen R. Fowler, City Clerk for the City of Tempe, Maricopa County, Arizona, do hereby certify the attached to be a true and exact copy of an excerpt of the Tempe City Council meeting minutes of the August 29, 1996 city council meeting approved at the Regular Council Meeting of September 12, 1996 by the Tempe City Council, Tempe, Arizona.

Dated this 13th day of September, 1996.



Helen R. Fowler, CMC
City Clerk

Tempe City Council Meeting
Minutes - August 29, 1996

5

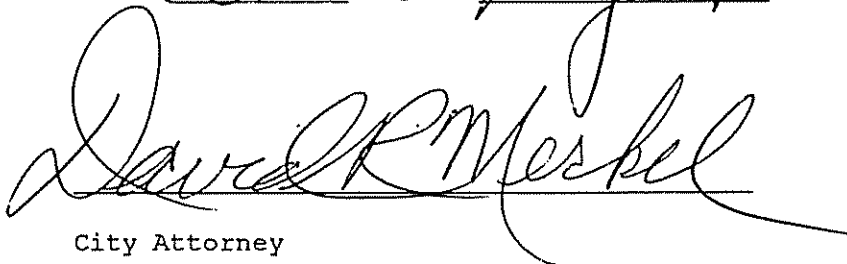
an industrial park.

3. Kyrene Road and Grove Parkway - Grove Parkway is a collector street that serves as an access to multifamily complexes and to retail centers to the west.
- *15. **ENGINEERING ADMINISTRATION (0803-02)** Approved Contract #96-206 for construction monitoring and materials testing with Ricker Atkinson McBee & Associates at a -.6% cost factor applied to base rates for approximately \$185,000.
- *16. **COMMUNICATIONS TECHNICAL CENTER (1001-19)** Awarded Contract #96-207 with R.J. Hunt and Associates in the amount of \$93,624 for design of a communications technical center, Project No. 946554. This will provide for the relocation of communications operations from the Hardy Yard and the Performing Arts Center to a new 8,500 square foot building at the Field Services Facility.
- *17. **STREETS UPGRADE/MAIN/CONST (0809-05)** Awarded Contract #96-67B, a 12-month extension and contract increase of \$157,139.84 for major street renovation 1996-1997 with Southwest Slurry Seal, Inc., project no. 966665.
- *18. **PARKING ADMIN (1105-01)** Approved Contract #96-208, a parking management agreement with the Downtown Tempe Community, Inc. (DTC) for the management of parking spaces within the downtown area. Under the terms of the agreement, the city will provide the DTC with \$500,000 from general fund surpluses (primarily for the initial purchase of capital equipment). The DTC will be responsible for payment to the city for 1) the city's share of the net revenue (estimated in excess of \$200,000 annually), 2) enforcement (just over \$13,000 per month) and 3) the initial capital outlay (just over \$64,000 semiannually, starting July, 1997, and ending July 2001).
- *19. **COURT ADMIN (0501-02)** Awarded Contract #96-209, a ten-month public defender contract to Garrett Smith.
- *20. **STREET UPGRADE/MAINT/CONST (0809-05)** Approved Contract #96-210, an intergovernmental agreement between the State of Arizona and the City of Tempe to allow the City to accept a \$100,000 Economic Strength Project grant for the improvement of 56th Street.
- **21. **PLANNED DEVELOPMENT (0406)** Held a public hearing for **TEMPE ST. LUKE'S HOSPITAL** (Meditrust of Arizona, Inc., property owner) and approved the following at 1492 S. Mill Avenue:

APPROVAL OF THE TEMPE CITY ATTORNEY

I have reviewed the above referenced proposed intergovernmental agreement, between the DEPARTMENT OF TRANSPORTATION, HIGHWAYS DIVISION, and the CITY OF TEMPE and declare this agreement to be in proper form and within the powers and authority granted to the City under the laws of the State of Arizona.

DATED this 29th day of August, 1996.


City Attorney



STATE OF ARIZONA

OFFICE OF THE ATTORNEY GENERAL

1275 WEST WASHINGTON, PHOENIX 85007-2926

TRN Main: 542-1680

Direct: 542-8837

Fax: 542-3646

MAIN PHONE: 542-5025

TELECOPIER: 542-4085

GRANT WOODS
ATTORNEY GENERAL

INTERGOVERNMENTAL AGREEMENT DETERMINATION

A.G. Contract No. KR96-1675-TRN, an agreement between public agencies, has been reviewed pursuant to A.R.S. § 11-952, as amended, by the undersigned Assistant Attorney General who has determined that it is in the proper form and is within the powers and authority granted to the State of Arizona.

No opinion is expressed as to the authority of the remaining parties, other than the State or its agencies, to enter into said agreement.

DATED this 20th day of September, 1996.

GRANT WOODS
Attorney General

JAMES R. REDPATH
Assistant Attorney General
Transportation Section

JRR:lsr
{1247}